

ANTIRACKETEERING AMENDMENT TO
TRANSPORTATION ACT OF 1940

AUGUST 29 (legislative day, AUGUST 27), 1951.—Ordered to be printed

Mr. HUNT, from the Committee on Interstate and Foreign Commerce,
submitted the following

REPORT

[To accompany S. 1899]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 1899) to further define the national transportation policy, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 2, line 1, between the words "the" and "likelihood" insert "reasonable".

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to establish as a matter of policy the intent of Congress that the transportation industry, insofar as it is subject to the Interstate Commerce Act, shall be kept free of terrorism, extortion, racketeering, or similar unlawful and unethical business tactics. Therefore, the bill would add a statement to the national transportation policy, which policy was added to the Interstate Commerce Act by the Transportation Act of 1940.

The bill is intended also to strengthen the position of the Interstate Commerce Commission in dealing with the above-mentioned practices. Because the declaration of policy sets the scope and purpose of the entire act, within which the Commission is required to administer and enforce the several provisions thereof, the bill would provide the Commission with a strong congressional directive so that there will be no question as to its use of all the powers conferred by the act to deal with such problems wherever they may arise.

NEED FOR THE LEGISLATION

Although no hearings were held by the committee on this specific legislation, the need for it became evident during the extensive hearings before the Special Committee To Investigate Organized Crime in

Interstate Commerce (pursuant to S. Res. 202). The bill itself springs from recommendation XXII in the special committee's third interim report, which called attention to the incursions by certain racketeers into the transportation industry, particularly in New Jersey and Michigan. In view of the vital position transportation holds in relation to the economy and security of the Nation, the national welfare demands a competitive and completely gangster-free management of this segment of business.

The specific instances of gangster control of segments of the transportation industry, while few in number, nevertheless indicate the dangers involved; and when viewed in conjunction with the definite trend of racketeer infiltration of legitimate business, described in the special committee's report, the need for remedial and anticipatory legislation becomes apparent.

In view of the lengthy reports of the special committee, it is sufficient merely to note the cases of Joe Adonis, one of the Nation's most notorious racketeers, who owns stock in the Automotive Conveying Co., which hauls automobiles from Edgewater, N. J., to various points in the East, and also that of Anthony D'Anna, a former Detroit bootlegger and racketeer. The case of D'Anna, whose company, the E. & L. Transport, Inc., of Michigan and Indiana, hauls most of the Fords produced in the Dearborn and Highland Park plants, is a prime example of the tactics used by gangsters to "muscle in" on legitimate business enterprise.

The use of illegally acquired resources (which characterizes such gangster infiltration of legitimate business) to obtain strong economic influence and control of transportation agencies must create the presumption that the national transportation policy of fostering sound economic conditions in the industry is not being served in those instances. Nor is the policy of a healthy transportation system being promoted when, as the special committee's report shows, there are indications that possible competitors are fearful of filing applications for competitive permits where the territory is being served by a gangster-permeated company.

The legislative committee of the Interstate Commerce Commission has expressed its opinion that the bill will measurably strengthen the Commission's position in dealing with these practices and it recommends the enactment of this legislation.

No objections have been made to this bill.

SCOPE OF THE LEGISLATION

While this bill in general implements recommendation XXII of the special committee's third interim report, it does not adopt the exact approach originally recommended. Whereas the special committee recommended the application of a standard of moral fitness for holders of certificates of convenience and necessity under the Interstate Commerce Act, this committee feels that a direct imposition of such a standard would give rise to very difficult questions of application and interpretation and might tend to embarrass and hamper the Interstate Commerce Commission rather than facilitate its work in this field.

Although a representative of the Interstate Commerce Commission testified that his agency has no power to revoke a certificate or permit of a carrier because of the character of the person or the activities

of such person, this committee feels that the Commission has amply authority to police not only applicants for certificates, permits and licenses, but also holders thereof. In any case where an outstanding certificate or permit is being abused, the Commission may intervene to impose a corrective term or condition therein, and failure on the part of the operator to comply (e. g., to clean house), would constitute a violation of the act for which such outstanding certificate or permit could be revoked in the case of motor carriers and freight forwarders, or enforced in the courts in the case of water carriers.

The bill, therefore, strengthens the authority which is already held by the Commission by formally directing that the Interstate Commerce Commission shall give due regard in all cases to any evidence of the use of terrorism, extortion, racketeering, and similar unlawful or unethical business tactics or the reasonable likelihood of the use of such tactics by any applicant for or transferee or holder of any certificate, permit, or license issued or outstanding under the Interstate Commerce Act or any of its amendments.

Any hesitancy or spirit of uncertainty felt by the Commission in dealing with such cases in the past will now become unnecessary under this direct congressional mandate.

In amending the bill, by inserting the word "reasonable" before the word "likelihood," the committee believed that it was necessary to establish a safeguard against possible arbitrary action taken against an applicant for or holder of operating rights solely on the basis of a criminal record. The bill is not designed to persecute those former criminals who have reformed and evidence an honest desire to engage in a legitimate business.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE INTERSTATE COMMERCE ACT NATIONAL TRANSPORTATION POLICY

It is hereby declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of this Act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service and foster sound economic conditions in transportation and among the several carriers; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; to co-operated with the several States and the duly authorized officials thereof; and to encourage fair wages and equitable working conditions—all to the end of developing, coordinating, and preserving a national transportation system by water, highway, and rail, as well as other means adequate to meet the needs of the commerce of the United States, of the postal service, and of the national defense. All of the provisions of this Act shall be administered and enforced with a view to carrying out the above declaration of policy.

It is hereby further declared to be the policy of the Congress that all modes of transportation subject to this Act shall be kept free of terrorism, extortion, racketeering, and similar unlawful or unethical business tactics, and to this end due regard shall be given in all cases to any evidence of the use of such tactics, or the reasonable likelihood of the use of such tactics, by any applicant for, or transferee or holder of any certificate, permit, or license issued or outstanding under this Act, or under any amendment thereto.

